

OFFSHORE BANKING IS NOT EVIL

by:

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Back in 1986 ... 20 years ago ... I wrote and published a short booklet, "Offshore Banking Is Not Evil!" -- Over 85,000 copies of it were sold (for \$10) or given away.

While surfing the net recently, I found it posted on over a dozen sites ... some of them even gave me credit for writing it (most didn't) ... others used pieces of the report and included their own opinions -- SO ...

Here it is as it was first published back in 1986 ...nothing has really changed since then.

J.F. (Jim) Straw

OFFSHORE BANKING IS NOT EVIL

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If it weren't for the lies, distortions, and self-serving propaganda distributed by the Government, the I.R.S., and the Bankers, you wouldn't cringe every time you hear the term "Offshore Banking."

Why? - Because most people haven't the foggiest idea of what Offshore Banking is, they simply accept the distortions they read in the controlled media and ASSUME that Offshore Banking is some form of criminal activity. Or, they ask their lawyer, accountant or financial planner and he, being as uninformed as they are, advises that it is too risky, illegal, immoral, or unethical.

The fear and suspicion surrounding Offshore Banking is really only a matter of "Lack of Knowledge & Information". Very few people, including both those who condemn it and those who promote it, really KNOW what offshore banking is. BUT, the Government, the I.R.S., and the Bankers do know that money held outside the U.S. is money they cannot legally control, tax, or use for their purposes. That's why they are adamant in their defamation and condemnation. They don't know what it is, but they know it takes money out of their hands.

Unfortunately, those who promote offshore banking have done little, or nothing, to alleviate or satisfy the fears and suspicions of the public. As a matter of fact, because they themselves do not know what offshore banking really is, these promoters have given the Government, the I.R.S., and the Bankers the ammunition needed to keep the public in a state of fear and

suspicion regarding offshore banking, investments, and opportunities. Helping keep your money in U.S. banks; paying you less and taxing what little you do earn.

So... before we go any further... lets define Offshore Banking. Then, unlike the politicians, bureaucrats, bankers, and promoters, YOU will know what the term means.

What is offshore banking?

The term "offshore banking" actually has TWO (2) different and very distinct definitions; but, I couldn't find either one of them in any of my dictionaries. One meaning is "MECHANICAL" and the other is "FUNCTIONAL".

Only by knowing both definitions and understanding the relationship, yet distinct differences, between the two, will you be able to make a decision based on KNOWLEDGE rather than ASSUMPTION.

Since the "Mechanical" and the "Functional" definitions of offshore banking have been so intermingled and confused by almost everyone, it will be necessary to, first define them separately and distinctly, and then explain why the confusion exists.

Mechanical Definition

In the "legal" community (lawyers, governments, etc.) the term Offshore Banking is: A bank "licensed" to do business only outside the jurisdiction in which it is chartered & licensed.

That means: A bank holding an offshore banking "license" may engage in most, some, or all activities (including but not limited to checking, savings, loans, etc.) normally carried on by any other bank -- but -- that bank CAN NOT offer or provide those services to the "residents" of the jurisdiction in which the bank is chartered and licensed.

An example: A bank, "licensed offshore," in the Bahamas may offer its banking services to anyone outside of the Bahamas -- but -- that bank CAN NOT offer or provide those services to the residents of the Bahamas.

Some jurisdictions allow offshore "licensed" banks to provide any and all services normally provided by any other bank. Other jurisdictions (such as the United States) limit an offshore "licensed" bank to providing some few specified services.

YES -- the United States, through the Federal Reserve Board, does authorize offshore banking -- but -- so U.S. bankers can continue to defame and condemn offshore banking, the Federal Reserve Board has decided to call the U.S. Offshore Banks by the officious title, "International Banking Facilities (IBF)."

"International Banking Facility" or "IBF" means a set of asset and liability accounts segregated on the books and records of a depository institution, United States branch or agency of a foreign bank, or an Edge Act or Agreement Corporation that includes only international banking facility time deposits and international bank facility extensions of credit. -- 12 C.F.R 204.8(a)(a) published at Fed. Reg. 32429 (1981).

The U.S. law, although it does not call itself offshore banking, contains the very elements under which offshore banks are licensed in other jurisdictions -- i.e. the IBF must be licensed as a bank; maintain a set of asset and liability accounts on the books; and CAN NOT provide services to residents of the United States.

As you can see from the U.S. law authorizing IBF's offshore "licensed" banks are most often (but not always) A BOOKKEEPING SYSTEM ONLY.

Offshore "licensed" banks, by and large, are BOOKKEEPING SYSTEMS ONLY. For that reason, they have a very, very low overhead cost in doing their business. They do not spend their depositors money on fancy buildings; redundant employee's wages; or the expensive, non-productive accoutrements found in most U.S. banks. Therefore, an offshore "licensed" bank is in a position to pay higher interest to its depositors by virtue of the fact that less money is spent on fancy and expensive non-productive frills.

Because offshore licensed banks are, by and large, Bookkeeping Systems Only, they keep and maintain their operational cash accounts in "checking accounts" with other commercial banks. Checks drawn on the account are used by the offshore licensed bank to pay its debts, make loans, invest, pay interest, or any other normal business purpose.

The Bookkeeping System of an offshore licensed bank, which records the assets, liabilities, income and expense of the bank, maintains the records of the bank's depositors and allows the officers of the bank to make investments and loans from the public deposits held. The yield from those investments and loans are the earnings of the bank, which are used to pay the expenses of the bank and interest to the depositors and the net operating profit to the bank are much, much higher than in a commercial bank with all of its expensive, non-productive costs.

Functional Definition

To the "depositor public" at large, an Offshore Bank is: ANY BANK OUTSIDE THE COUNTRY IN WHICH THE DEPOSITOR LIVES.

That means: Any bank outside the United States is an offshore bank, if you are a resident of the United States.

An example: If a U.S. resident maintains an account of any kind in a bank in Canada; that bank is an offshore bank for that account holder/depositor. And, the same holds true for a Canadian having an account in a U.S. bank.

Any time you have money deposited in, or invested with, a bank in a country outside of the country in which you live and work, you are "Banking Offshore," even if that bank is just across the imaginary borderline between the U.S. and Canada.

Throughout this report, the terms "Offshore Bank" and "Offshore Banking" shall be used for any bank or banking service that qualifies under the FUNCTIONAL DEFINITION, -- at anytime we refer to a bank under the MECHANICAL DEFINITION, it shall be referred to as an "Offshore Licensed Bank." Of course, any bank situated in the country where you live and work shall be referred to as a "Domestic Bank."

Why the confusion?

A Bank is a Bank is a Bank is a Bank -- whether that bank be a Domestic Bank, an Offshore Bank, or an Offshore Licensed Bank.

No matter how a bank is structured, where it is licensed & chartered, or where it does business, ALL BANKS use the same channels (exchanges, clearing houses, etc.) to facilitate the movement of funds internationally and/or domestically. Therefore, since all of the banks in the world are indirectly connected through their correspondent and inter-bank relationships, there is no real confusion arising from the transacting of banking business.

The confusion regarding Offshore Banking is only a matter of "legal jurisdiction," arising from the fact that no country may impose its laws in another country without the country's consent and cooperation.

Because of the wide variety of laws around the world, what is illegal in one country may be entirely legal in another country. Any country can,

through its various policing agencies, investigate any person residing in their country for a violation of their laws. That same country, however, has no legal right to investigate the activities of any person in any other country without first obtaining the consent and cooperation of the country in which the investigation is to be conducted. Even then, the investigation must be conducted under the law of the country in which the investigation is to take place, not under the laws of the country conducting the investigation.

As an example: The U.S. can not investigate anything in Canada, without the consent and cooperation of the Canadian government, and the Canadian Government is totally within its international rights to refuse to consent or cooperate in the investigation,

Further, countries will not (usually), without a specific treaty or agreement, assist another country in enforcing or investigating a crime that is not a crime in their country.

As an example: income tax evasion is a crime in the U.S., however, in countries that do not impose an income tax, income tax evasion is not a crime. Therefore, those countries are not obligated (and usually don't) assist the U.S., or any other country, in enforcing or investigation a tax law which does not exist in their own jurisdiction.

THEREIN lies the confusion -- Offshore Banks, and Offshore Licensed Banks, located in countries that do not have income tax laws do not (usually) assist the U.S. Internal Revenue Service in enforcing, or investigation violations of U.S. tax laws. Therefore, without the consent and cooperation of those countries, the I.R.S. cannot (in most cases) get information regarding financial transactions conducted in those countries by Tax Evaders in the U.S.

Since the I.R.S. is the tax-collecting arm of the U.S. Government; upon which the Government depends to collect moneys for its self-serving purposes, the Government readily and willingly supports the I.R.S. in its condemnation of Offshore Banking. But, why do the Bankers join in the condemnation?

The reason is simple. If you take your savings account out of a U.S. bank and place it, offshore, in a bank in another country, the U.S. bank doesn't have your money to use any more. To keep you from doing that, the Bankers jump on the bandwagon to condemn Offshore Banking; even though a good many of them do have deposits from other countries and do, therefore, benefit from Offshore Banking themselves. As long as they can keep YOU confused, fearful and suspicious about Offshore Banking, they have YOUR MONEY in their banks to use for this purpose.

Not Illegal!

The U.S. DOES NOT and WILL NEVER have a law forbidding the taking of money out of this country.

WHY? No country that depends upon international commerce for its existence can write such a law without destroying its own economy. And, if you will notice, the U.S. has consistently and continuously had an international trade deficit; which simply means we "buy" more internationally than we "sell".

If the U.S. had a law forbidding or restricting the movement of U.S. Dollars outside this country, we would have NO international trade. Companies overseas would not be able to buy U.S. goods because they wouldn't have any U.S. dollars, and companies in the U.S. would not be able to buy goods overseas, because the companies in those countries wouldn't be able to accept U.S. dollars.

Therefore, you, as a resident of the U.S., may legally move your money anywhere in the world you want. There is NO RESTRICTION on the amount you move, where you move it, or how you move it.

The ONLY REQUIREMENT imposed upon you by the U.S. Government is that you must "REPORT" any movement of cash or certain monetary instruments out of this country of \$5,000 or more.

If you've ever been on an international flight of the U.S., you can probably remember being given a form to complete that asked you if you were carrying cash or bearer form negotiable instruments over \$10,000 in value. If you read the complete form, it told you that it was NOT ILLEGAL to have the money with you, or to take it out of the country, but it was illegal not to report it.

Reporting Requirements

How many times have you been told that, if you send a deposit of more than \$10,000 to an offshore bank, you MUST report it to the Government?

THAT'S WRONG!

The law (P.L. 91-508, 31 USC 5316) requires ONLY the reporting of the transportation of "currency or certain monetary instruments" in an amount exceeding \$10,000. That means:

You may move as much money as you want offshore, at any time, WITHOUT REPORTING IT TO ANYONE, as long as you don't send "currency or certain monetary instruments."

You probably know what "currency" is, but what are the "certain monetary instruments" referred to in the law? Both "currency" and the "certain monetary instruments" are defined at law 1 CFR 103.11, as amended), and those definitions are repeated here:

CURRENCY:

The coin and currency of the United States or of any other country, which circulate in and are customarily used and accepted as money in the country in which issued. It includes U.S. silver certificates, U.S. notes and Federal Reserve notes, but does not include bank checks or other negotiable instruments no customarily accepted as money.

MONETARY INSTRUMENTS:

Coin or currency of the United States or of any other country, travelers' checks, money orders, investment securities in bearer form or otherwise in such form that title thereto passes upon delivery, and negotiable instruments (except warehouse receipts or bills of lading) in bearer form or otherwise in such form that title thereto passes upon delivery. The term includes bank checks, travelers checks and money orders which are signed but on which the name of the payee has been omitted, but does not include bank checks, travelers' check or money orders made payable to the order of a named person which have not been endorsed or which bear restrictive endorsements.

If you will notice, the last phrase of the definition of "Monetary Instruments": clearly states, "does not include bank checks, travelers' checks or money orders made payable to the order of a named person which have not been endorsed or which bear restrictive endorsements."

(By the way, a "person" under the law includes any individual such as you or me, and any legal entity such as a corporation or bank.)

So... if you make a check or money order payable to an offshore bank (which is a "person" under the law), even if it is for over \$10,000, you DO NOT have to "report" the transaction to anyone.

Or... if you have a check or money order which is payable to you, you

can endorse it with a restrictive endorsement -- i.e., "Pay To The Order Of: XYZ Bank" -- and you DO NOT have to report the transaction to anyone.

By the way, the U.S. Customs Service has published a circular (Circular: ENF-4-\$:E:P) for its employees which clearly defines and illustrates (with drawings and pictures) exactly which monetary instruments must be reported and which ones are "exempt" from reporting requirements.

Although you DO NOT have to report your transactions to anyone -- no matter how much money you send for deposit offshore unless you send "currency" or the "certain monetary instruments") -- you will still have to file a "Report of Foreign Bank and Financial Accounts". (Treasury Form 90.22.1) on or before June 30 each year -- but -- if you have 25 or more foreign accounts, you won't have to report where those accounts are or how much money you have in each account; unless the Department of Treasury specifically asks you for that information at a later date.

Update 2006: Owing to the various "terrorist" acts initiated since 9/11/2001, there have been some updatings and changes in most of the rules and regulations regarding the movement of money worldwide. For that reason, you may want to a search for "P.L. 91-508, 31 USC 5316" on Google. Although I didn't find any major changes, there are some new rules and regulations of which you should be aware.

Using An Offshore Account Legally

Anyone who holds a Checking or Savings Account in a U.S. Bank may, legally, move that account to any other bank, anywhere in the world (offshore).

If you have a Savings Account in a U.S. Bank, the odds are that you have already paid your income tax on that money; before putting it in your Savings Account. Therefore, your only further tax obligation on that money is to pay the income tax on the interest you earn.

As an example: If you are a tax-paying, law-abiding person, and have saved \$100 from your paycheck, you have already paid the taxes on your income. The \$100 is your after-tax money, therefore you don't pay taxes on it again. At the end of the year, when the bank sends you your Savings Account statement, you add your interest earnings to your income tax statement and pay your taxes on that earned income.

The same thing holds true if you have your savings account in an offshore bank. At the end of the year, when you get your statement, you simply add the amount of interest earned to your income tax and pay the

taxes on that earned income.

Higher Earnings

Statistically, Eurodollar (offshore) accounts pay at least 20% more than domestic U.S. dollar accounts. You can prove it for yourself by simply comparing the current U.S. T-Bill rate to the Euro-Dollar Bond rate; as published in the financial section of your daily newspaper. The Euro-Dollar Bond rate is ALWAYS higher by at least 20% or more.

Beyond that statistical difference, Offshore Banks can usually offer much higher interest rates than their U.S. counterparts because one of the highest non-recoverable costs of doing business in the U.S. is taxes (income, property, ad valorem, etc..), significantly reducing the earnings available for distribution to their depositors and investors. Banks operating in, or from, tax haven jurisdictions; not being burdened with those non-recoverable tax costs, can offer their depositors a much higher return.

As a matter of fact, in some jurisdictions (outside the U.S.), banking establishments are tax exempt on their earnings, or they are allowed certain exceptional write-downs of earnings, in order to protect the bank's depositors.

With the huge drop in interest rates in the U.S., Offshore Banking opportunities have become even more attractive. At this writing, interest rates offered in the Offshore Banking community are as much as 2 to 4 times the interest rates available from U.S. Banks. (And, some offshore investment opportunities are averaging as high as 6 to 8 times the interest earnings available from U.S. Banks.)

MYTHS & FACTS

MYTH: Offshore Banks can't really pay the high interest rates they offer because, if banks could really pay those rates, U.S. banks would try to meet the competition and do the same.

FACT: Take a closer look at the financial statements of any U.S. Bank. You will find that their "gross" profits against public deposits can range from 25% to 40% -- but -- they have written laws to limit the amount of interest they can pay you on your deposit. The U.S. banks put their earnings into unnecessary and non-productive accouterments, while offshore banks do without the fancy buildings and unnecessary frills and share their profits with their customers.

MYTH: Offshore Banks aren't regulated, so you run the risk of losing all your money.

FACT: Nothing could be further from the truth. Every country in the free world has laws, rules and regulations governing banks and financial institutions. Those laws, rules, and regulations, however, are far less restrictive than the "protectionist" U.S. banking laws, rules, and regulations, allowing those banks greater latitude in earning much greater profits for their depositors and investors.

MYTH: Offshore Banks are not insured by the F.D.I.C.

FACT: Some of them are but, thank God, not that many. If they are, they must comply with the same protectionist banking rules and regulations as any other F.D.I.C. insured bank. But, the vast majority of offshore banks are insured; one way or another.

Some countries have established depositor insurance programs similar to the F.D.I.C. program, by which the banks in those countries have their deposits insured. Other banks in other countries have their deposits insured by independent insurance companies who, unlike the F.D.I.C., insure 100% of the banks deposits; not just those under \$100,000. (By the way, many banks in the U.S. are not F.D.I.C. insured, and some of them insure their deposits with independent insurance companies.)

For the most part, offshore banks are "self-insured." That means those banks maintain a liquidity factor equal to 100% (or more) of their public deposits. For every \$1 held in public deposits, those banks have \$1 (or more) in liquid assets with which they can cover any depositor demand.

Self-insured offshore banks are actually more secure than F.D.I.C. insured U.S. banks. The reason being, F.D.I.C. insured U.S. banks are allowed to maintain a liquidity factor equal to about 10% of their public deposits. (Ever wonder why the U.S. has more bank failures each year than any other country?)

Which would you feel more secure dealing with? -- A. U.S. bank that has 10 cents in cash for every dollar on deposit? Or, an offshore bank that has \$1 in cash for every dollar on deposit?

MYTH: Offshore Banks aren't as big or strong as U.S. banks.

FACT: Of the largest and strongest leading banks in the world (in

assets), ONLY one is located in the U.S.

(Back in 1986) The leading banks in the world, according to a survey done by American Banker, were, in order:

Dai-Ichi Kangyo Bank - Tokyo
Fuji Bank Ltd. - Tokyo
Sumitomo Bank Ltd. - Osaka (Japan)
Mitsubishi Bank Ltd. - Tokyo
Citibank NA - New York, U.S.A.
Banque National de Paris - France
Credit Agricole Mutual - France
Sanwa Bank Ltd. - Osaka (Japan)
Credit Lyonnais - France
Norinchukin Bank - Tokyo

Update 2006: Only the names have changed.

MYTH: Offshore Banks can't be too good, or they would advertise their interest rates and services in the U.S. publications.

FACT: Offshore Banks are restricted by law from advertising in U.S. publications; unless they subject themselves to the very same protectionist rules and regulations imposed on U.S. banks. For that reason, you should be wary of any offshore bank that publicly advertises in U.S. publications. They have sold-out to the U.S. banking establishment and may subject you to their sell-out.

MYTH: Offshore Banking is only for people with a lot of money.

FACT: Some 20 years ago, that may have been true. Today, an offshore savings or checking account can be opened with a minimum deposit as low as \$100. **(Back in 1986)** I know of one offshore bank paying 9%, compounded daily, on regular quarterly-statement savings accounts with a minimum deposit of \$100.

Update 2006: In 2001, Bank of America in the Bahamas was paying 5.5% on Savings Accounts while Bank of America in the U.S. was paying only .5% (one-half of one percent).

MYTH: Opening an offshore account is complex, and you can't get your money back when you need it.

FACT: Opening an offshore account is no more complex than opening an account with a money market fund (or ordering from the Sear's catalog), by mail. Getting your money back is just as simple.

Opening An Offshore Account

There are organizations in the U.S. that will assist you in opening an offshore bank account (in Switzerland and other countries). Their "fees" for helping you open an account can range from a few hundred dollars to a thousand dollars (and, in some cases, much more) -- BUT -- don't waste your money. You don't need them.

To open an offshore bank account, all you need to do is write to an offshore bank and request information about opening an account. The bank will send you all of the necessary forms; tell you what their minimum deposit requirements are for various accounts; and their materials will explain how to open an account and how to make your withdrawals.

Making a withdrawal from your offshore account is just as simple. Depending upon the type of account you open, you write a check or draft to deposit in your U.S. bank account; send a withdrawal form direct to the offshore bank; or send your certificate to the offshore bank for redemption. The time it will take for you to get your money probably won't be much longer than the 10 to 15 days hold most U.S. banks are now placing on your deposits.

Today, with instantaneous international communications, the world is getting smaller every day. Now, you can enjoy the exceptional interest earnings available from offshore banks as easily as you deal with your local bank, stock broker, money market fund, or Sears Roebuck -- by mail, telephone, or telex.

Check It Out -- First

Before dealing with ANY banking facility, check it out first.

When dealing with an internationally known and recognized banking institution, such as Barclays or Citibank, you can forego much of your investigation. However, I would still recommend that for your complete peace of mind, you request and receive a copy of their annual report before opening your account. (It is a matter of good, sound practice to **ALWAYS** keep yourself informed about the banks you deal with.)

If the offshore banking institution you are anticipating dealing with is lesser known, you should ALWAYS request, and receive, a copy of their annual report before making any deposits. Any "reputable" bank will ALWAYS be able to provide you with adequate information upon which to base your investigation.

"Private" offshore, and offshore licensed, banks are a completely different animal.

Before dealing with a "private" banking operation you should request from them their latest financial statements (preferably audited) -- AND -- the names and addresses of their principals and promoters.

Inevitably, when I speak on offshore banking and investments, I am asked, "How can I go about investigating these companies?"

My answer is, **"Don't investigate the company; investigate the principals and promoters. Know the principals and you will know the company."**

You should be extremely wary of any "private" banking operation that cannot, or will not, provide you with the information you need to satisfy yourself as to the credentials and credibility of its principals and promoters.

The wise investor must deny the separateness of business and come to the realization that behind each business entity there are real, flesh-and-blood people who pull the strings and control the works.

By the way -- when was the last time you looked at the financial statements of your local bank, or spent the time to learn who the principals (people) are who are controlling your money?

Borrowing Offshore

The internationally accepted definition of a "bank" is an institution specifically established and licensed for the purpose of "accepting deposits and making loans." If it does one, or the other, but not both, it is usually referred to as a "non-bank bank."

That being the case, any "bank" that accepts deposits ALSO makes loans.

Having published Offshore Banking News from January 1983 until the early 1990's, I have been asked countless times, "Why don't you publish the names and addresses of offshore lenders?" We did; every month. The

problem is, their ads go around disguised as ads seeking depositors.

Remember this: If a "bank" accepts deposits, it ALSO makes loans.

Therefore, to borrow offshore all you need do is follow the same procedure you would follow in seeking a lending source in the U.S. Simply write a "short" (not more than 1 page) letter of inquiry to the offshore bank of your choice. Explain your funding requirements, and ask the bank if they would be interested in seeing a full financing package on your project. (Have your "package" ready to go should one or more of the banks indicate an interest.)

But -- don't think because the banks are offshore they are "easy" or "stupid". Just like any bank in the U.S., an offshore bank will require all of the documentation, background, and financial information normally required. As a poorly presented project will be rejected in the U.S., it will also be rejected offshore.

The major advantage to borrowing offshore is the same advantage in banking offshore -- the interest rates. As there are jurisdictions where you can get the highest interest rates for your deposits, there are other jurisdictions where you can borrow at the lowest possible interest rates.

As an example: Switzerland is well known for its banking secrecy, but it is notorious for its low interest rates.

Borrowing offshore should only be considered when you have a good, solid, bankable funding situation -- but -- you are looking for the very lowest interest rate possible. If your funding requirement will not meet the standards of the U.S. banking community, the chances are it will not meet the standards in the offshore banking community either.

Personal Privacy

Without a doubt, the greatest violator of the privacy of U.S. residents is the U.S. government itself. The various and many U.S. government agencies maintain a staggering total of over 3.5 billion files on U.S. citizens.

Considering the country's population, of 230 million people, the U.S. government agencies maintain an average of 15 files on every man, woman, and child in this country. When you consider that children, and other dependents probably don't have separate files of their own, the average number of files on adults rises even higher. Is it any wonder Americans worry about their personal privacy?

Update 2006: That was in 1986 ... today it is even worse.

Files and information maintained outside the U.S. are neither part of, nor subject to, the scrutiny of the U.S. government agencies. The U.S. government can (under normal circumstances) only gain knowledge about your offshore activities if you tell them about it -- or -- if you are involved in some form of criminal activity in the U.S., and their investigation in this country reveals to them evidence of your offshore activities.

Beyond the prying eyes of the government, your nosey neighbors, business competitors, ex-spouses, and other snoopy people may well attempt to keep track of your financial activities for their own purpose. In this country, even some of the more inept private detectives can easily gain access to your most personal records. However, records and files on your activities outside the U.S. are impossible for these snoops to get their hands (or eyes) on.

Banking offshore and maintaining your financial records and files outside the U.S. allows you the maximum Personal Privacy available.

Tax Advantages

As you are well aware, in the U.S., there are a multitude of totally legitimate, and legal, "tax shelter" opportunities available. The same kinds of "tax shelter" opportunities are also available in almost every country in the free world.

Since the various I.R.S., Treasury, and Securities Regulators governing "tax shelter" opportunities are constantly changing, I will not attempt to give you specific advice regarding such opportunities. But, by realizing that legitimate and legal "tax shelters" exist both in the U.S. and in other countries, you can better understand that you can legally and legitimately shelter your income from taxes; either here in this country or through a tax-shelter opportunity in another country.

When you find a "tax shelter" opportunity, whether in the U.S. or offshore, have your accountant or other tax professional check it out to see if it conforms with governing regulations. Those professionals are in a position to keep on top of the governing regulations in effect at that time and advise you as to the legality and tax advantage to be gained.

Scoff-Law Applications

As the government (any government) writes more and more laws regulating the personal activities of the citizenry (especially if those laws infringe the citizen's earning capacity), more and more of the citizens will violate those laws without compunction, guilt or remorse. As an example: How many people do you know who have driven faster than 55-miles-per-hour on a Federally funded highway?

Scoff-laws are, by definition, people who scoff at, or flout, the law. They have no compunction about violating those petty laws, rules or regulations that they feel are unreasonable, unrealistic, or infringe their personal right to life, liberty, and the pursuit of happiness.

These people know that a government that writes that many laws can't possibly expect to catch the vast majority of people who violate them. Besides, even if they get caught, unless they are a major offender, the penalties aren't that severe or the powers-that-be may simply choose to overlook the offense. As an example: Most police officers simply overlook people driving faster than 55 m.p.h., but do stop those people driving recklessly at any speed.

Because of the multitude of federal, state, county, city and township tax laws in this country, the vast majority of people in the U.S. have become tax scoff-laws. It is physically impossible for any one person to know (or understand) all of the various and many tax laws, rules, and regulations. And, the people all know that it is impossible to be in 100% compliance with all of those laws and, it is just as impossible, for the government at its many levels to know who is, or who isn't, paying which taxes under which laws, rules and regulations. So... most people just report the earnings, and pay the taxes, they absolutely have to, and feel no remorse if they don't report some of the income they know they should. If they do get caught, the penalties aren't that severe (usually just a fine) and the odds are they won't be caught.

In the article entitled, "Offshore Tax Havens Lure Main Street Money," which appeared in the August 1, 1983, issue of U.S. News & World Report, Robert Mirshberger, an assistant regional commissioner for the I.R.S. in New York was asked about the risk involved in tax cheating. His answer was, "It would be an unfortunate happenstance if you were caught. You would be a very unlucky person."

The article continued with some examples of the ways modern-day scoff-laws use offshore bank accounts to cheat the U.S. tax collectors:

A doctor received a payment from a patient and deposited the check in his offshore bank account. Since the deposit doesn't appear in his business

records, the chances are it would never be found, even if the doctor is audited.

One couple sold a piece of art work and had the buyer send the payment direct to their offshore bank account. Later, the couple used that money to enjoy a vacation outside the U.S. Mr. Mirshberger with the I.R.S. said, "There's no way we would ever discover that."

Another example told of a bank customer who got his "unscrupulous" banker to transfer large amounts of cash to an offshore bank account without reporting the transaction to the I.R.S. Then, the customer borrowed the money back from the offshore bank. Since loan proceeds are not taxable, no taxes were paid.

But these examples are only the tip of the iceberg. It is no longer just the wealthy with art works to sell or the professionals and businessmen with extra income to hide. There are hundreds of thousands (maybe even millions) of blue collar and middle-management white collar workers using offshore bank accounts to reduce the unbearable tax load imposed by the federal, state, and local governments.

To assist these tax scoff laws, literally hundreds of professional advisors in the U.S. and offshore are busy teaching tax scoff-law techniques; organizing methods and techniques to make discovery impossible (or, at least, highly improbable), and actually providing the services necessary to implement those methods and techniques. Some are purely tax evasion. Others tread the fine line between tax evasion and tax avoidance. While others are legal and legitimate tax shelter opportunities.

Americans have simply never liked being taxed. In 1776, the tax scoff-laws of that time revolted against unreasonable taxation. In the 1980's, the modern-day tax scoff-laws, with instantaneous communications and high-speed international mobility, have chosen to avoid and evade rather than take up arms against the tax oppressor.

How long this trend will last, before the modern-day tax scoff-laws choose to follow the example set by their forebears and take up arms to defend against tax tyranny, is a question that should be in the mind of every government official.

Offshore Banking Is Not Evil

As you have now learned, Offshore Banking, in and of itself, IS NOT evil, illegal, immoral or unethical.

The scandalous defamation and condemnations of Offshore Banking is only another ruse foisted upon the gullible American public by the U.S. government and the U.S. banking establishment. Their purposes, not offshore banking, are evil in that the intent is to maintain control over YOUR MONEY for their own self-serving uses.

No matter what the government and bankers tell you, their purposes are not intended to restrain the criminal element. They know, as well as you do, that criminals will do their evil deeds no matter what laws they have to violate; it is the nature of their endeavors. The true purpose of the government is to keep YOUR MONEY within their jurisdiction. The true purpose of the bankers is to keep YOUR MONEY in their banks.

Using an offshore bank account legally; paying your taxes and reporting your transactions, you can legally enjoy passive income 2, 3 or even 4 times greater than what you can earn in the U.S.

If you choose to use your offshore bank account for tax scoff-law purposes, the matter will be between you and your conscience. But, remember, your illegal use of an offshore bank account does not make offshore banking illegal. If you get caught, you, not the offshore bank, will be at fault.

For many years, moneyed people have known about and used offshore banking opportunities in order to increase their earnings, protect their assets, legally avoid taxation, and gain personal privacy for their financial affairs. Now, anyone with a good income, or modest savings, can enjoy the same exceptional advantages and free themselves from the negative forces active in this country,

Conclusion

Don't pass up the exceptional interest earnings available to you simply because you have blindly accepted, without question, the myths regarding offshore banking.

The fears and suspicions you may have held regarding offshore banking are nothing more than the protectionist scare-tactics used by the Government, the I.R.S., and the Bankers to keep your money within their grasp; limiting your earnings, by law (allowing them to keep the lion's share

for themselves), while taxing the paltry earnings they do allow.

Why settle for the paltry earnings available to you through the restrictive, protectionist Federal Reserve System?

The offshore banking community is available to you for your use. NO matter how small your savings ability may be, there is a place for you to earn maximum returns... all you need do, now that you know how Offshore Banking really works, is find the offshore situation that will work for you.

Bio:

Having spent over 50 years in business; doing business successfully, J.F. (Jim) Straw now shares "Practical Instruction in the Arts & Sciences of Making Money" at the Business Lyceum. -- <http://www.businesslyceum.com>

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